

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION OF )  
CHESAPEAKE UTILITIES CORPORATION )  
FOR APPROVAL OF ITS ENVIRONMENTAL ) PSC DOCKET NO. 18-1176  
RIDER RATE "ER" TO BE EFFECTIVE )  
DECEMBER 1, 2018 )  
(FILED NOVEMBER 1, 2018) )

DIRECT TESTIMONY OF  
CONNIE S. MCDOWELL  
ON BEHALF OF THE STAFF OF THE  
DELAWARE PUBLIC SERVICE COMMISSION

FEBRUARY 27, 2019

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1 **Q. Please state your name and the name and address of your employer.**

2 A. My name is Connie S. McDowell. I am employed by the Delaware Public  
3 Service Commission ("Commission") and my business address is 861  
4 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, Delaware  
5 19904.

6 **Q. What is your position with the Commission?**

7 A. I am a Senior Regulatory Policy Administrator with the Commission.  
8 I was employed with the Commission from July 1984 to December 2006  
9 and rehired in my current position as of June 2013.

10 **Q. Please describe your duties and responsibilities at the**  
11 **Commission.**

12 A. My duties include reviewing dockets filed with the Commission to  
13 determine the policy direction for the Commission Staff to address  
14 in docketed cases, providing technical direction and training to  
15 the public utility analysts, preparing and presenting testimony  
16 with recommendations, participating in the development of work  
17 plans for docketed cases, and managing the public utility analysts  
18 assigned to participate in those dockets.

19 **Q. What is your professional experience and education?**

20 A. I received a Bachelor of Arts & Science Degree in Mathematics from  
21 the University of Delaware and Master's Degree in Business  
22 Administration from Delaware State University. Also, I was an  
23 adjunct instructor in the area of Accounting and Marketing at  
24 Delaware Technical & Community College - Terry Campus for 5 years.

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1 During my 28 years of employment at the Commission, I have held  
2 various positions as a Public Utility Analyst I, II, and III, Chief  
3 of Technical Services, Hearing Examiner, and Senior Regulatory  
4 Policy Administrator. I have testified in several telecom, cable,  
5 electric, natural gas, water, and wastewater cases.

6 **Q. For whom are you testifying in this proceeding?**

7 A. I am testifying on behalf of the Commission Staff ("Staff").

8 **Q. What is the purpose of your testimony?**

9 A. I am the Case Manager for this filing, "In the Matter of the  
10 Application of Chesapeake Utilities Corporation ("Chesapeake" or  
11 the "Company") for Approval of its Environmental Rider Rate ("ER")  
12 to be Effective December 1, 2018" ("Application"). The purpose of  
13 my testimony is to review the Application to ensure that the  
14 proposed rates are just and reasonable and that they comply with  
15 Chesapeake's tariff and the environmental remediation rider  
16 mechanism ("Rider Mechanism") which the Commission approved in PSC  
17 Order No. 4104 (December 19, 1995) in PSC Docket No. 95-73. I have  
18 examined the Application, including the Company testimony and  
19 schedules. My testimony will include a recommendation to the  
20 Commission regarding the treatment of this Application.

21 **Q. Can you please briefly describe the Rider Mechanism to which you**  
22 **referred?**

23 A. In PSC Order No. 4104, the Commission adopted the Hearing  
24 Examiner's recommendation that Chesapeake be allowed to recover  
25 reasonable, actually-incurred remediation expenses through a rider

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1 mechanism that is adjusted on an annual basis. The Commission  
2 believed that it was more efficient to collect environmental costs  
3 through the use of a rider, partly because it would remove the need  
4 to adjust base rates should there be a change in the amount of  
5 remediation costs the Company incurred. This mechanism also  
6 provided a way for the Company to share in the costs with its  
7 customers via the carrying costs.

8 **Q. What type of costs is the Company allowed to recover through its**  
9 **ER tariff?**

10 A. Chesapeake is permitted to recover costs associated with the  
11 investigation, testing, monitoring, soil and/or groundwater  
12 remediation, land acquisition, and legal costs. These costs could  
13 be from former manufactured gas plant ("MGP") sites, disposal  
14 sites, or any site where material may have migrated from earlier  
15 operations or the decommissioning of an MGP. The Company is not  
16 permitted to include expenses that may result from litigation by  
17 parties who may claim personal injuries or property damages  
18 resulting from the operation or decommissioning of an MGP.

19 **Q. Please provide a brief summary of the Company's Application.**

20 A. The Company has filed to recover environmental costs associated  
21 with an approximately 0.79 acre property on Budd Street in Seaford,  
22 Delaware that was formerly known as Seaford Town Gas ("Seaford Town  
23 Gas Site"). As explained in the testimony of Ms. Marie E. Kozel,  
24 the Delaware Department of Natural Resources & Environmental  
25 Control ("DNREC") performed a facility evaluation at the site and

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1 determined there were a number of contaminants identified that were  
2 associated with the site's former use as a coal gas plant until it  
3 was changed to a propane air plant sometime in 1950. Chesapeake  
4 has entered into a voluntary Cleanup Program ("VCP") with DNREC.  
5 As a result of this, Chesapeake has incurred recoverable expenses  
6 related to the investigation and site preparation of the VCP for  
7 the Seaford Town Gas Site. To recover these expenses, the Company  
8 has filed to continue its current ER rate level of a positive  
9 surcharge of \$0.0004 per Ccf for all firm delivery service  
10 customers.

11 **Q. Please summarize Staff's review of this Application.**

12 A. Staff performed a review of the Application and schedules along  
13 with all invoices that supported the environmental costs claimed.  
14 Staff reviewed and verified the mathematical accuracy of the  
15 schedules and calculations provided in this Application and  
16 determined that they are in conformance with the Company's ER  
17 tariff currently on file with the Commission.

18 **Q. What action has the Commission already taken on this matter?**

19 A. In PSC Order No. 9296 (November 29, 2018), the Commission permitted  
20 Chesapeake to continue the rate of \$0.0004 per Ccf for all firm  
21 delivery service customers effective for gas usage on and after  
22 December 1, 2018, subject to refund pending further review and  
23 final decision by the Commission. In addition, the Commission  
24 ordered a form of Public Notice of the Application, set a deadline  
25 for intervention, and set a date for the evidentiary hearing.

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1 Chesapeake caused the form of Public Notice to be published in The  
2 News Journal and the Delaware State News on December 10, 2018. As  
3 of the time of submitting this testimony, only the Division of the  
4 Public Advocate ("DPA") has sought to intervene in this proceeding,  
5 and no member of the public filed comments regarding this matter.

6 **Q. What is the magnitude and bill impact of the change to the ER**  
7 **tariff as requested by the Company?**

8 A. Since there is no change proposed, typical residential heating  
9 customers using 120 Ccf of gas per month will continue to pay  
10 approximately \$.01 in their total monthly bill for the ER portion.  
11 Typical residential heating customers using 700 Ccf per year will  
12 continue to pay approximately \$.07 for the ER costs.

13 **Q. Does Staff have a recommendation to the Commission for the**  
14 **treatment of this Application?**

15 A. Yes. Based upon Staff's review of the Company's Application,  
16 including the supporting schedules and invoices, Staff recommends  
17 that the Commission approve the Company's request to continue its  
18 ER rate of \$0.004 per Ccf. Staff believes that this rate is just  
19 and reasonable and in the public interest.

20 **Q. Does this conclude your testimony?**

21 A. Yes, it does.